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# In the Supreme Court
## of the
# United States

October Term, 1969

No. 159

Crown Machine & Tool Co.,
*Petitioner,*

vs.

D & S Industries, Inc. and KVP-Sutherland Paper Company,
*Respondents.*

## RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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# In the Supreme Court
OF THE
# United States

OCTOBER TERM, 1968

No. 1442

CROWN MACHINE & TOOL CO.,
*Petitioner,*

vs.

D & S INDUSTRIES, INC. and KVP-SUTHERLAND PAPER COMPANY,
*Respondents.*

## RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

This is a routine case of interest only to the litigants. Petitioner comes to this Court with adverse findings of fact, conclusions of law, and judgments of two different trial courts which have the full concurrence of the Court of Appeals. That Court held that "the district courts reached the right results for the right reasons." (A4). There is no pretense that any of the reasons outlined in Rule 19 governs the petition. The petition presents no

principles of importance to the public as distinguished from that of the parties and asserts no real and embarrassing conflict of opinion and authority between different Courts of Appeals. The petition for the writ of certiorari should be denied on the authority of *Layne &c. Co. v. Western Well Works* (1923), 261 U.S. 387 at page 393.

The opinion of the District Court for the Northern District of California has now been officially reported at 297 F.Supp. 542. The opinion of the Court of Appeals for the Ninth Circuit has not yet been officially reported.

Petitioner's *first* complaint, which asks for a second appellate review because the District Court in San Francisco held two patents invalid over a Jeffery reference cited by the Patent Office Examiner during the prosecution of one of the two patents (Petition, Question 1, p. 2 and Reason A, pp. 4-5), does not present any matters of substance.

The District Court carefully studied the Patent Office proceedings regarding the Jeffery patents (A73-A75; A78-A80). This Jeffery patent was not only before the Patent Office but it was in evidence before the District Court (A76). Petitioner itself introduced in evidence elaborate charts directed in part to the Jeffery disclosure (SF PX 49A, 50A and 51A). The District Court discussed fully the disclosures of this Jeffery patent (A76-A77; A81; A92-A94). That court, on the face of the Patent Office history and the face of the Jeffery prior art disclosure, concluded that the standards of 35 U.S.C 103 were not met by petitioner's '705 patent (A77-A83) and by its '780 patent as well (A92-A94). Petitioner cites no error either in any of the facts found or in the law ap-

plied by the District Court upon which the conclusion of nonobviousness was based.

In its argument to the Court of Appeals, petitioner discussed at length the District Court decision re Jeffery (Appellant-Cross-Appellee's Opening Brief, pp. 27-34). Petitioner there relied on its own expert testimony re Jeffery (*Ibid,* pp. 34-35). It argued that Jeffery was from a completely non-analogous art (*Ibid,* pp. 35-38).

Upon review of the record and of petitioner's arguments just mentioned, the Court of Appeals held (A4):

> "The determination of the district court in the San Francisco suit that Crown patents 705 and 780 are invalid for obviousness, is sustained for the reasons stated in *Crown Machine & Tool Co. v. KVP-Sutherland Paper Company,* ..... F.Supp. ..... (Tr. 68,80)."

Petitioner's point that "there was no evidence" (Petition, p. 5) is contrary to the record. The Jeffery patent itself was evidence (A76). Once that patent was in evidence, it could itself be relied upon to invalidate the patent [*Minnesota Min. & Mfg. Co. v. Industrial Tape Corporation* (7 Cir. 1948), 168 F.2d 7 at pp. 9-10].

Petitioner's citation to *Mumm v. Decker & Sons* (1937), 301 U.S. 168 (Petition, p. 5) is not germane to its complaint. That case does not rule it improper to hold a patent invalid on a file wrapper reference but rules on "the sufficiency of what is called the 'short' bill of complaint." (301 U.S. at page 168). 35 U.S.C. 282 does not purport to make the presumption of validity conclusive.

Petitioner's *second* complaint, that it is improper to hold a patent not infringed without applying its claims to an accused structure (Question 2, Petition p. 2; Rea-

son B, Petition pp. 5-6), does not truly emerge from the record. The Phoenix and San Francisco courts alike found that the accused structures did not embrace a number of features called for in the '260 patent. The Phoenix court did so in its memorandum opinion (A15) and in Findings 35 to 44, both inclusive (A39-A43). The San Francisco court did so in its memorandum opinion (A105-A106). The Court of Appeals adopted the Phoenix findings in its Conclusion 1 (A4). It adopted the San Francisco determinations in its Conclusion 5 (A5).

With regard to the '705 and '780 patents, the San Francisco District Court made no findings on the question of infringement (A104-A105). The Phoenix Court found non-infringement with respect to the '780 patent in its memorandum opinion (A15-A16) and in Findings 54-65. Likewise it covered non-infringement of the '705 patent both in its memorandum opinion (A16) and in specific Findings 45-53 (A43-A48).

Significantly, the Phoenix court made special note that it was applying the rule of *Westinghouse v. Boyden Power Brake Co.* (1898), 170 U.S. 537 at 568 and a number of related cases (A14). Petitioner does not urge that the rule of *Westinghouse* was misapplied.

In making their determinations, neither of the District Courts nor the Court of Appeals departed from *Graver Mfg. Co. v. Linde Co.* (1949), 339 U.S. 605. In *Graver,* this Court carefully held intact the pre-existing *Westinghouse* rule. At pages 608-609, this Court, citing *Westinghouse,* restated the well-established rule:

> ". . . The wholesome realism of this doctrine [of equivalents] is not always applied in favor of a

> patentee but is sometimes used against him. Thus, where a device is so far changed in principle from a patented article that it performs the same or a similar function in a substantially different way, but nevertheless falls within the literal words of the claim, the doctrine of equivalents may be used to restrict the claim and defeat the patentee's action for infringement. . . ."

The Court of Appeals in its opinion stated in its Point 3 (A4):

> "If this court is mistaken in sustaining the determination of the district court in the San Francisco suit that Crown patents 705 and 780 are invalid, then the determination of the district court in the Phoenix suit that the Thompson machines do not infringe those patents, is sustained for the reasons stated in 270 F.Supp. at 277-278."

Petitioner's *third* complaint, that the award of attorney's fees in this case results in a conflict between 35 U.S.C. 285 and the Rules of Practice of the Patent Office (Question 3, Petition p. 2, Reason C, Petition pp. 6-8), does not fairly present the basis upon which the discretionary award was made. The Patent Office rules have nothing to do with the award of attorney's fees in this case.

The District Court carefully pointed out Crown's history of overreaching in prosecuting two of its applications in the Patent Office so as to cover the practical developments in the art actually made by others. The District Court discussed the prosecution history in the Patent Office in full detail both with respect to the '705

patent (A69-A76 and A80-A81) and with respect to the '780 patent (A87-A91 and A93). It predicated its award on that history (A111-A112, see also A107-A109).

In view of that conduct, the District Court held "equitable considerations make it grossly unfair that Sutherland be left to bear the burden of its own counsel fees" (A111). It condemned petitioner's activity on the authority of *Railway Co. v. Sayles* (1878), 97 U.S. 554, 563; and *Muncie Gear Co. v. Outboard Co.* (1942), 315 U.S. 759, 768 (A112).

After the initial award of attorney's fees, the District Court gave full reconsideration to the question on petitioner's motion to amend the attorney's fee award (A122). Upon that reconsideration, the District Court held that "the action can be said to have been brought in bad faith" and denied the motion (A124).

When the Court of Appeals considered the award of attorney's fees, it concluded (A5):

> "7. The determination of the district court in the San Francisco suit, awarding KVP attorneys' fees in the sum of $35,000 is sustained for the reasons stated in ..... F.Supp. ..... (Tr. 98, 122, 123)"

Petitioner then filed a petition for rehearing directed exclusively to the award of attorney's fees. That petition was denied.

The reassertion of this same point in the present petition after such careful consideration by both courts below should be rejected. No conflict in application of the statute exists with respect to any prior decision of this Court or that of any other Court of Appeals.

Not only are the points raised by petitioner lacking in merit and devoid of public interest but, further than that, they represent only a piecemeal attack on isolated circumstances which would not control the outcome of the litigation—even if this Court were to grant the writ of certiorari. In defense of the two actions below, each of the respondents urged that petitioner had violated the antitrust laws in prosecuting multiple litigation involving the patents. Both respondents also filed antitrust counterclaims based upon the same conduct asking for treble damages and injunctive relief. The Phoenix court found no violation because the petitioner acted in good faith (A17-A19). The San Francisco court found no violation of the antitrust laws because the conduct of petitioner "does not constitute fraud on the United States Patent Office within the meaning of the recent case of *Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172 (1965)." (A109). Yet both courts in their opinions and findings cited facts clearly showing that the prosecution of two of the patent applications involved clear violation of the principles laid down in *Muncie Gear Co. v. Outboard Co.* (1942), 315 U.S. 759. If the record were brought up on the writ, respondents would propose to show (1) that petitioner's conduct was indeed a violation of the antitrust laws requiring a dismissal of both complaints on grounds independent of those raised in the petition and (2) that the award of attorney's fees in this case, even if it were assumed *arguendo* that it was not justified by the patent statute, is most clearly justified as minimal damages under 15 U.S.C. 15 and cases such as *Switzer Brothers, Inc. v. Locklin* (7 Cir. 1961), 297 F.2d 39; *Clapper v. Original*

*Tractor Cab Company* (7 Cir. 1959), 270 F.2d 616; and *Kobe, Inc. v. Dempsey Pump Co.* (10 Cir. 1952), 198 F.2d 416. Indeed, reflection of the record as a whole would establish that respondents are both entitled to far more affirmative relief than that here granted. As a consequence, the grant of the writ of certiorari in this case could serve no useful purpose even as between the parties.

In summary, respondents urge that both district courts properly dismissed petitioner's complaints and properly granted relief appropriate under the circumstances. The Court of Appeals properly ruled with respect to all matters of which complaint has been made in the petition. The issues present no matters of general public interest. The petition should, we submit, be denied.

Dated, San Francisco, California,
June 16, 1969.

Respectfully submitted,
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